

Message Text

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ACTION EUR-12

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E.O. 11652: N/A
TAGS: EINV, OECD
SUBJECT: POSSIBLE "CASE" UNDER OECD GUIDELINES FOR
MNE'S

REF: OECD PARIS 3701

1. MISSION HAS RECEIVED COPY OF FEBRUARY, 1977 ISSUE
OF "INTERNATIONAL METALWORKERS' FEDERATION NEWS."
TEXT OF LEAD ARTICLE FOLLOWS:

ACTION ON POCLAIN

REPRESENTATIVES OF TRADE UNIONS ORGANIZED IN THE PLANTS
OF POCLAIN S.A. MET IN GENEVA, FEBRUARY 2, UNDER IMF
AUSPICES TO DISCUSS THE COMPANY'S PRECARIOUS FINANCIAL
SITUATION. THE TOP ITEM ON THE AGENDA WAS, OF COURSE,
THE PRESENT LAY-OFFS AND FUTURE JOB SECURITY OF THEIR
MEMBERS. REPRESENTATIVES FROM FRANCE, SPAIN AND BEL-
GIUM ATTENDED THE SESSIONS ON BEHALF OF THEIR ORGANI-
ZATIONS IN THE PARENT COMPANY AND IN IMPORTANT SUBSIDI-
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ARIES. SWEDISH AND BRITISH REPRESENTATIVES WERE ALSO
THERE BECAUSE OF THE LINK WITH VOLVO AND BECAUSE J.C.
BAMFORD AND COMPANY HAS EXPRESSED AN INTEREST IN
INVESTING IN POCLAIN S.A.

THE COMPANY IS IN URGENT NEED OF HEAVY INVESTMENT. THE
UNIONS REGARD THE MAINTENANCE OF THE COMPANY AS CRUCIAL

TO SAVING JOBS IN THE PARENT CONCERN AS WELL AS SUBSIDIARIES WHICH EMPLOY A TOTAL OF 6,000 MANUAL AND NON-MANUAL EMPLOYEES. AMONG THOSE CONSIDERING THE PROPOSAL TO INVEST IN POCLAIN S.A. ARE, AS WELL AS THE BRITISH J.C. BAMFORD COMPANY, TENNECO-CASE IN THE U.S., BOTH CONSTRUCTION MACHINERY AND AGRICULTURAL IMPLEMENT MANUFACTURERS.

IT WAS DECIDED THAT INTERNATIONAL METALWORKERS FEDERATION WOULD PROTEST TO THE ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT--OECD. CONTRARY TO THE OECD CODE, POCLAIN S.A. HAS NOT DISCLOSED SUFFICIENT INFORMATION TO THE TRADE UNIONS ON A VITAL ISSUE WHICH AFFECTS THE WELFARE OF THEIR MEMBERS. SIMILAR PRESSURE WILL BE PUT ON THE MINISTRY OF LABOR IN FRANCE AS WELL AS THE MANAGEMENT OF POCLAIN S.A. ITSELF. REPRESENTATIVES OF OTHER UNIONS AT THE MEETING PRESSED THEIR FRENCH COLLEAGUES TO OBTAIN DATA FROM THE COMPANY BY EXERCISING THEIR RIGHTS UNDER THE LABOR LAW, WHICH PROVIDES FOR REPRESENTATION ON THE SUPERVISORY BOARD.

BASED ON THIS ADDITIONAL INFORMATION THE UNIONS WILL DECIDE WHETHER TO TAKE A POSITION ON THE PROPOSALS OF COMPANIES BOTH IN AND OUTSIDE OF FRANCE TO BUY SHARES IN POCLAIN. IT WAS DECIDED THAT THE IMF WILL CALL ANOTHER MEETING OF THE UNION REPRESENTATIVES IN POCLAIN S.A. WHEN AND IF MORE INFORMATION IS RECEIVED. IT WAS ALSO PROPOSED THAT A MEETING WITH POCLAIN S.A. MANAGEMENT BE HELD AS STIPULATED IN THE OECD CODE. END TEXT UNCLASSIFIED

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2. COMMENT: AS MENTIONED PARA 4 REFTTEL, HENRI BERNARD, GENERAL SECRETARY, TUAC (TRADE UNION ADVISORY COMMITTEE), HAS INDICATED THAT HE HAS SEVERAL (UNSPECIFIED) CASES WHICH COULD POTENTIALLY BE BROUGHT UP BY TUAC AS RELEVANT TO THE OECD GUIDELINES DURING DISCUSSIONS SCHEDULED FOR MARCH 30. MISSION HAS NO KNOWLEDGE WHETHER POCLAIN IS AMONG THE CASES ALLUDED TO BY BERNARD AND WILL NOT CONTACT BERNARD ON THIS MATTER UNLESS INSTRUCTED OTHERWISE.
TURNER

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